



THE UNDER SECRETARY OF DEFENSE  
3010 DEFENSE PENTAGON  
WASHINGTON, D.C. 20301-3010



September 3, 1996

MEMORANDUM FOR

SECRETARIES OF THE MILITARY DEPARTMENTS  
ATTN: SERVICE ACQUISITION EXECUTIVES  
VICE CHAIRMAN, JOINT STAFF  
COMPTROLLER AND CHIEF FINANCIAL OFFICER  
INSPECTOR GENERAL  
DIRECTOR, DEFENSE LOGISTICS AGENCY  
DIRECTOR, DEFENSE CONTRACT AUDIT AGENCY  
COMMANDANT, DEFENSE SYSTEMS MANAGEMENT  
COMMAND

SUBJECT: Acquisition Reform Benchmarking Initiative Charter

The Under Secretary of Defense (Acquisition and Technology) has established an Acquisition Reform Benchmarking Initiative and has directed that the Deputy Under Secretary of Defense (Acquisition Reform) form a cross-functional workgroup supported by appropriate senior representation from OSD, the Military Departments, and the Defense Agencies to identify those process changes brought about as a result of acquisition reform and provide a comprehensive plan for estimating and measuring the change in agency and program performance, schedule and cost (i.e., acquisition reform metrics/benchmarking).

As part of the Acquisition Reform Benchmarking Initiative Charter, I have formally established an Acquisition Reform Benchmarking Group (ARBG) to provide advice and resolve issues concerning the baseline and methodology for measuring and benchmarking performance against each baseline. As part of the attached Initiative's Charter, from my office I have appointed the Director, International and Commercial Systems Acquisition, William E. Mounts, to act as ARBG Chairman. Please identify your senior representative to the group (Flag Officer/Senior Executive Service level) to him as the initial meeting of the ARBG is scheduled for October 13, 1995.

Colleen A. Preston  
Deputy Under Secretary of Defense  
(Acquisition Reform)

Attachment:  
as stated

# CHARTER FOR THE *ACQUISITION REFORM BENCHMARKING INITIATIVE*

## **I. Background**

As regulatory and statutory streamlining of the defense acquisition system is accomplished and as acquisition reform initiatives are fully implemented, the Department should realize significant changes in various measures of overall Departmental program performance, schedule and cost.

Organizations including OMB and Congress have developed estimates as to the amount of change expected, and future Departmental budget adjustments based on these estimates are likely. In order to respond to these anticipated budget adjustment proposals, the Department must develop a methodology to estimate the impact of defense acquisition reform.

## **II. Authority**

The Under Secretary of Defense (Acquisition and Technology) has tasked the Deputy Under Secretary of Defense (Acquisition Reform) to facilitate the development within the Department of metrics to measure process change as a result of acquisition reform and the impact of those changes on the outcomes of the defense acquisition system.

## **III. Purpose**

The purpose will be to identify those “ process” changes brought about as a result of acquisition reform and provide a comprehensive plan for estimating and subsequently measuring outcome change. The Acquisition Reform Benchmarking Initiative will be guided by the following general goals:

1. The estimate and measures must be supported by the best information available with every effort made to ensure new data collection efforts are minimized;
2. Those Departmental organizations impacted by the estimate and measures will have an opportunity to provide input;
3. A methodology to provide an estimate and related measures needs to be developed as soon as practicable.

The comprehensive plan shall also provide appropriate benchmarking criteria for future measurement of a process for continuous enterprise change now envisioned for the Department and occasioned by the varied acquisition reform initiatives.

Specifically, the plan shall address:

- DoD acquisition reform initiatives to date
- Specific metrics to measure and assess DoD progress
- Industry and other government benchmarks to compare DoD progress and to guide future acquisition reform efforts
- Calculation of efficiencies gained in terms of responsiveness to customer needs, with best value goods and service, in the smartest, most efficient and on-time manner, while still maintaining the public trust.

#### **IV. Roles and Responsibilities**

The DUSD(AR) will form a cross-functional working group, composed of appropriate representation from OSD, the Military Departments, and the Defense Agencies, to facilitate the development within the Department of metrics to measure process and outcome changes as a result of acquisition reform and the impact of those changes on the outcomes of the defense acquisition system. The cross-functional working group, or Acquisition Reform Benchmarking Group (ARBG), is responsible for analyzing, estimating, and measuring the process and outcome changes in the Department that are attributable to acquisition reform initiatives (i.e., acquisition reform metrics/benchmarking).

To accomplish this, the ARBG as chartered shall be an integral part of a multi-tiered organizational structure. The first tier is the Acquisition Reform Senior Steering Group (ARSSG) which is chaired by the DUSD(AR) and includes senior representatives from the OSD, the DoD IG, the Service Acquisition Executives, and Defense Agencies. The ARSSG is responsible for providing management insight and oversight, ensuring that needed resources are made available to provide the Secretary of Defense with a supportable estimate and measure of the process and outcome changes in the Department that are attributable to acquisition reform initiatives (i.e., acquisition reform metrics/benchmarking).

The second tier is the ARBG, with tasking authority on behalf of the ARSSG to the implementing organizations for metrics/benchmarking. The ARBG is chaired by the Office of the DUSD(AR), and includes at a minimum senior representatives (Flag Officer/Senior Executive Service level) from DCMC, DCAA, DSMC, the DoD Comptroller, DoD IG, the Joint Staff and Component Acquisition Executives. The

Director, Acquisition Program Integration (API), or designee, will serve as the Vice Chair and Executive Secretary of the ARBG. The ARBG will meet as required to provide guidance and assess the progress of the Analysis and Consulting Groups.

In addition to the Defense Standards Improvement Council's strategic outcome metrics effort, the Defense Acquisition Pilot Program Consulting Group on Metrics, and API's decision-process metrics, the third tier is comprised of various select Analysis and Consulting Groups, led by members of the ARBG. These Groups shall include functional experts in the areas under review and will be responsible for performing analyses and for developing the estimates and measures of process and outcome changes in the Department that are attributable to acquisition reform initiatives (i.e., acquisition reform metrics/benchmarking). Membership of the various select Analysis and Consulting Groups will include representatives from OSD, the Services and/or Defense Agencies. Participation on one of the Analysis and Consulting Groups may require significant time commitments from agency representatives.

## **V. Task Objectives**

The ARBG is responsible for identifying the areas that may be affected by Acquisition Reform initiatives, for coordinating its efforts with the Department's efforts under the Government Performance and Results Act, and for tasking and ensuring that Service/Agency support is given to the efforts of the Analysis and Consulting Groups. The Analysis and Consulting Groups are responsible for performing the detailed computation associated with estimating and measuring process and outcome changes in the Department that are attributable to acquisition reform initiatives (i.e., acquisition reform metrics/benchmarking). At a minimum, the impact of acquisition reform shall be developed, assessed, documented, and reported through completion of the following specific tasks:

- Assessment and refinement of proposed and interim metrics
- Development or refinement of additional metrics arising from ongoing DoD initiatives
- Research and analyses of other government and commercial benchmarks to be used to develop objective DoD goals
- Identification of additional DoD implementation actions that are required to achieve benchmark (or goal) performance
- Estimation of potential acquisition reform efficiencies based upon reported metrics and benchmarks
- Collection and maintenance of reported metrics and benchmarks in an open, interactive, relational database.

## **VI. Resources**

The ARBG will be provided functional experts and advisors from OSD, the Military Departments, and Defense Agencies at each tier. The ARBG should seek ideas and information from other Federal Agencies, Congressional Offices, and industry as appropriate and consultants will be made available to support the ARBG as needed.

OSD, the Military Departments, and the Defense Agencies will provide required funds to support all costs (e.g., travel, personnel, administrative) of their respective member participation at each tier in the Initiative.

## **VII. Schedule**

The ARSSG meets routinely on a bi-weekly basis. The ARBG will also meet, at least initially, routinely on a bi-weekly basis or additionally as necessary. The ARBG shall provide the ARSSG interim reports every 90 days and a final draft of the ARBG recommendations will be coordinated through the ARSSG within 45 days of completion. A final report and recommendations incorporating the ARSSG consensus will be provided to the DUSD(AR) no later than December 31, 1996.

The Analysis and Consulting Groups will be established by the ARBG as required and will be tasked with completing their assigned review as expeditiously as possible within their reporting timeframe as tasked. Analysis and Consulting Group recommendations will be coordinated by their members within the Services, Defense Agencies, and OSD.